



**Sakae Holdings Ltd.**  
(Company Registration No. 199604816E)

**Condensed Interim Financial Statements**  
**For the Six Months Ended 31 December 2021**

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## A. Condensed interim consolidated statement of profit or loss and other comprehensive income

		Group					
		Quarter ended 31 December			6 months ended 31 December		
Note		2021 (2QFY2022)	2020 (2QFY2021)	Increase / (Decrease)	2021 (1HFY2022)	2020 (1HFY2021)	Increase / (Decrease)
		S\$'000	S\$'000	%	S\$'000	S\$'000	%
	Revenue	4,636	5,525	(16.1)	8,418	11,126	(24.3)
	Cost of sales	(1,650)	(1,633)	1.0	(2,975)	(3,346)	(11.1)
	Gross profit	2,986	3,892	(23.3)	5,443	7,780	(30.0)
	Other operating income and gains	1,293	2,019	(36.0)	2,872	3,399	(15.5)
	Administrative expenses	(3,129)	(3,913)	(20.0)	(6,291)	(7,984)	(21.2)
	Other operating expenses	(712)	(889)	(19.9)	(1,447)	(1,705)	(15.1)
	Impairment loss on trade and other receivables	-	(239)	N.M.	-	(239)	N.M.
	Finance costs						
	- Interest on borrowings	(139)	(110)	26.4	(282)	(355)	(20.6)
	- Interest on leases	(129)	(210)	(38.6)	(259)	(274)	(5.5)
	Profit before income tax	170	550	(69.1)	36	622	(94.2)
	Tax credit	(1)	(2)	(50.0)	(1)	(5)	(80.0)
	<b>Profit for the period attributable to owners of the Company</b>	<b>169</b>	<b>548</b>	<b>(69.2)</b>	<b>35</b>	<b>617</b>	<b>(94.3)</b>
	Basic and diluted earnings per share	0.12	0.39	(69.2)	0.03	0.44	(94.3)
	<b>Profit for the period</b>	<b>169</b>	<b>548</b>	<b>(69.2)</b>	<b>35</b>	<b>617</b>	<b>(94.3)</b>
	<b>Other comprehensive income:</b>						
	<i>Items that will not be reclassified subsequently to profit or loss</i>						
	Revaluation of property, plant and equipment, net of tax	-	-	N.M.	(7)	10	N.M.
	<i>Items that are or may be reclassified subsequently to profit or loss</i>						
	Currency translation differences	(21)	(84)	63.0	(33)	(50)	17.0
	Other comprehensive loss for the period, net of tax	(21)	(84)	63.0	(40)	(40)	N.M.
	<b>Total comprehensive income (loss) for the period attributable to owners of the Company</b>	<b>148</b>	<b>464</b>	<b>(316.0)</b>	<b>(5)</b>	<b>577</b>	<b>N.M.</b>

## B. Condensed interim statements of financial position

	Note	Group		Company	
		31/12/2021	30/06/2021	31/12/2021	30/06/2021
		S\$'000	S\$'000	S\$'000	S\$'000
<b>Current assets:</b>					
Cash and bank balances	11	5,355	3,042	2,142	841
Trade receivables		689	540	46	114
Other receivables and prepayments	12	4,460	1,494	199	229
Inventories		492	381	12	11
Equity investments at fair value through profit or loss	13	1	5	-	-
Non-current assets classified as held for sale	14	420	4,022	-	-
Income tax recoverable		237	236	-	-
<b>Total current assets</b>		<b>11,654</b>	<b>9,720</b>	<b>2,399</b>	<b>1,195</b>
<b>Non-current assets:</b>					
Deposits		64	64	-	-
Subsidiaries		-	-	10	10
Due from subsidiaries		-	-	11,770	12,000
Equity investments at fair value through profit or loss	13	6,136	9,840	6,136	9,840
Joint venture	15	-	-	-	-
Property, plant and equipment	16	99,766	99,866	96,210	97,495
<b>Total non-current assets</b>		<b>105,966</b>	<b>109,770</b>	<b>114,126</b>	<b>119,345</b>
<b>Total assets</b>		<b>117,620</b>	<b>119,490</b>	<b>116,525</b>	<b>120,540</b>
<b>Current liabilities:</b>					
Bank loans	17	28,709	28,823	28,363	28,453
Lease liabilities		1,178	1,651	174	360
Trade payables		1,917	1,913	349	613
Other payables and accruals		2,829	3,005	1,142	1,144
Provisions		357	338	50	50
Due to subsidiaries		-	-	15,403	16,247
Income tax payable		1	1	-	-
<b>Total current liabilities</b>		<b>34,991</b>	<b>35,731</b>	<b>45,481</b>	<b>46,867</b>
<b>Non-current liabilities:</b>					
Bank loans	17	3,646	4,271	3,646	4,271
Lease liabilities		11,693	10,519	9,758	9,758
Deferred tax liabilities	18	12,552	12,552	12,552	12,552
<b>Total non-current liabilities</b>		<b>27,891</b>	<b>27,342</b>	<b>25,956</b>	<b>26,581</b>
<b>Total liabilities</b>		<b>62,882</b>	<b>63,073</b>	<b>71,437</b>	<b>73,448</b>
<b>Net assets</b>		<b>54,738</b>	<b>56,417</b>	<b>45,088</b>	<b>47,092</b>
<b>Equity</b>					
Share capital	19	10,736	10,736	10,736	10,736
Treasury shares		(892)	(892)	(892)	(892)
Currency translation reserve		(738)	(705)	-	-
Revaluation reserve	20	68,069	69,008	68,069	68,069
Accumulated losses		(22,437)	(21,730)	(32,825)	(30,821)
Equity attributable to equity holders of the Company, total		54,738	56,417	45,088	47,092
<b>Total equity</b>		<b>54,738</b>	<b>56,417</b>	<b>45,088</b>	<b>47,092</b>

## C. Condensed interim consolidated statement of cash flows

		<b>Group</b>	
		<b>6 months ended 31</b>	
		<b>December</b>	
		<b>2021</b>	<b>2020</b>
Note		<b>(1HFY2022)</b>	<b>(1HFY2021)</b>
		S\$'000	S\$'000
<b>Cash flows from operating activities</b>			
	Profit before income tax	36	622
	Adjustments for:		
	Depreciation of property, plant and equipment	1,172	1,181
	Depreciation of right-of-use assets	1,087	1,551
	Amortisation of prepaid lease	25	25
	Gain on disposal of property, plant and equipment	(33)	(54)
	Gain on disposal of investment in joint venture	(400)	-
	Loss/ (Gain) on disposal of non-current assets classified as held for sale	38	(438)
	Allowance for doubtful debts, net	-	239
	Write-off of property, plant and equipment	-	2
	Dividend income from equity investments	(1)	(1)
	Fair value gain on equity investments at FVTPL	-	(8)
	Gain on termination of leases	-	(28)
	Unrealised foreign exchange gain/ (loss)	28	(154)
	Interest expense	541	629
	Interest income	(1)	(1)
	Operating cash flows before movements in working capital changes	2,492	3,565
	Trade receivables	(149)	54
	Other receivables and prepayments	398	294
	Inventories	(111)	17
	Trade payables	4	(32)
	Other payables and accruals	(234)	513
	Cash from operations	2,400	4,411
	Interest paid	(541)	(629)
	Interest received	1	1
	Income taxes and withholding taxes paid	(1)	(5)
	Net cash from operating activities	1,859	3,778
<b>Cash flow from investing activities</b>			
	Purchase of property, plant and equipment	(250)	(28)
	Proceeds from liquidation of equity investments through FVTPL	3,704	2,716
	Proceeds from disposal of property, plant and equipment	34	34
	Partial proceeds from disposal of held for sale assets	211	2,817
	Proceeds from disposal of equity investments at FVTPL	-	33
	Proceeds from disposal of joint venture	400	-
	Dividend income from equity investments	-	1
	Proceeds from disposal of equity investment at FVTPL	4	-
	Net cash generated from investing activities	4,103	5,573
<b>Cash flow from financing activities</b>			
	Repayment of leases	(1,235)	(1,858)
	Repayment of bank loans	(715)	(5,799)
	Dividend paid	(1,674)	-
	Net cash used in financing activities	(3,624)	(7,657)
	Net increase in cash and cash equivalents	2,338	1,694
	Cash and cash equivalents at beginning of period	2,672	6,522
	Effects on exchange rate changes on the balance of cash held in foreign currencies	(1)	12
	<b>Cash and cash equivalents at end of period</b>	<b>5,009</b>	<b>8,228</b>

## D. Condensed interim statements of changes in equity

	Share capital	Treasury shares	Currency translation reserve	Revaluation reserve	Accumulated losses	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>Group</b>						
<b>Six months period ended 31 December 2020</b>						
<b>Balance as at 1 July 2020</b>	10,736	(892)	(722)	60,168	(24,047)	45,243
<i>Total comprehensive income for the period</i>						
Profit for the period	-	-	-	-	617	617
Other comprehensive loss for the period	-	-	(50)	10	-	(40)
Total	-	-	(50)	10	617	577
<b>Balance as at 31 December 2020</b>	<b>10,736</b>	<b>(892)</b>	<b>(772)</b>	<b>60,178</b>	<b>(23,430)</b>	<b>45,820</b>
<b>Six months period ended 31 December 2021</b>						
<b>Balance as at 1 July 2021</b>	10,736	(892)	(705)	69,008	(21,730)	56,417
<i>Total comprehensive income for the period</i>						
Loss for the period	-	-	-	-	35	35
Other comprehensive (loss) income for the period	-	-	(33)	(939)	932	(40)
<i>Transactions with owner, recognised directly in equity</i>						
Dividend paid (Note 21)	-	-	-	-	(1,674)	(1,674)
Total	-	-	(33)	(939)	(707)	(1,679)
<b>Balance as at 31 December 2021</b>	<b>10,736</b>	<b>(892)</b>	<b>(738)</b>	<b>68,069</b>	<b>(22,437)</b>	<b>54,738</b>

	Share capital	Treasury shares	Revaluation reserve	Accumulated losses	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>Company</b>					
<b>Six months period ended 31 December 2020</b>					
<b>Balance as at 1 July 2020</b>	10,736	(892)	59,229	(34,558)	34,515
<i>Total comprehensive income for the period</i>					
Loss for the period	-	-	-	(694)	(694)
Other comprehensive income for the year	-	-	-	-	-
Total	-	-	-	(694)	(694)
<b>Balance as at 31 December 2020</b>	<b>10,736</b>	<b>(892)</b>	<b>59,229</b>	<b>(35,252)</b>	<b>33,821</b>
<b>Six months period ended 31 December 2021</b>					
<b>Balance as at 1 July 2021</b>	10,736	(892)	68,069	(30,821)	47,092
<i>Total comprehensive income for the period</i>					
Loss for the period	-	-	-	(330)	(330)
Other comprehensive income for the period	-	-	-	-	-
<i>Transactions with owners, recognised directly in equity.</i>					
Dividend paid (Note 21)	-	-	-	(1,674)	(1,674)
Total	-	-	-	(2,004)	(2,004)
<b>Balance as at 31 December 2021</b>	<b>10,736</b>	<b>(892)</b>	<b>68,069</b>	<b>(32,825)</b>	<b>45,088</b>

## **E. Notes to the condensed interim consolidated financial statements**

### **1. Corporate information**

Sakae Holdings Ltd. (the “Company”) is incorporated and domiciled in Singapore. Its shares are publicly traded on the Mainboard of the Singapore Exchange. These condensed interim consolidated financial statements as at and for the six months ended 31 December 2021 are for the Company and its subsidiaries (collectively, the “Group”).

The principal activities of the Company consist of the business of operating restaurants, trading of raw food materials, food processing and operating as caterer and event organiser.

The principal activities of the Group consist of the business of investment holding, operating restaurants, kiosks and cafes, provision of corporate advisory services, provision of cold storage warehousing and logistics services.

### **2. Basis of preparation**

The condensed interim financial statements for the six months ended 31 December 2021 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore (“Standards”). The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the last audited annual financial statements for the year ended 30 June 2021.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s.

The condensed interim financial statements are presented in Singapore dollars, which is the Company’s functional currency.

#### **2.1 New and amended standards adopted by the Group**

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Group has adopted all the new and amended standards which are relevant to the Group and are effective for annual financial periods beginning on or after 1 July 2021. The adoption of these standards did not have any material effect on the financial performance or position of the Group.

#### **2.2 Use of judgements and estimates**

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty are the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2021.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which estimates are revised and in any future period affected.



### 3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period from 1 July 2021 to 31 December 2021 ("1HFY2022").

### 4. Revenue

	Group			
	Three months ended 31 December		Six months ended 31 December	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
<b>Types of goods and services</b>				
Food and beverage sales	4,331	5,194	7,807	10,399
Rendering of services	305	331	611	727
<b>Total</b>	<b>4,636</b>	<b>5,525</b>	<b>8,418</b>	<b>11,126</b>
<b>Timing of revenue recognition</b>				
At a point in time	4,636	5,525	8,418	11,126

### 5. Segment information

Information reported to the Group's chief operating decision maker for the purposes of resource allocation and assessment of segment performance is specifically focused on the category of each type of goods and services. The Group's reportable segments under SFRS(I) 8 Operating Segments are therefore as follows:

- Sakae Sushi, which is the main brand in provision of food and beverages to retail customers from the general public.
- Other products and services, which is inclusive of other brands and services offered by the Group namely Sakae Teppanyaki, Sakae Delivery, Hei Sushi, Hei Delivery, Senjyu, Sachi, Crepes & Cream and Nouvelle Events, Japanmartsg and Sakae Corporate Advisory.

#### 5.1 Reportable segments

Information regarding the Group's reportable segments is presented below.

Three months ended 31 December	Revenue		Net profit	
	2021	2020	2021	2020
	S\$'000	S\$'000	S\$'000	S\$'000
Sakae Sushi	1,667	2,743	1,118	2,238
Other products and services	3,637	3,553	28	29
Less: Inter-segment revenue	(668)	(771)	-	-
<b>Total</b>	<b>4,636</b>	<b>5,525</b>	<b>1,146</b>	<b>2,267</b>
Central administration costs and directors' salaries			(2,002)	(2,824)
Other operating income			1,294	2,019
Finance costs			(268)	(320)
Loss on derecognition of subsidiary			-	(628)
Non-operating expenses			-	36
Profit before income tax			170	550
Tax credit			(1)	(2)
<b>Profit for the period</b>			<b>169</b>	<b>548</b>

Six months ended 31 December	Revenue		Net profit	
	2021	2020	2021	2020
	S\$'000	S\$'000	S\$'000	S\$'000
Sakae Sushi	2,861	5,903	1,482	3,836
Other products and services	6,831	6,800	255	99
Less: Inter-segment revenue	(1,274)	(1,577)	-	-
Total	8,418	11,126	1,737	3,935

Central administration costs and directors' salaries			(4,032)	(5,491)
Other operating income			2,872	3,399
Finance costs			(541)	(629)
Loss on derecognition of subsidiary			-	(628)
Non-operating expenses			-	36
Profit before income tax			36	622
Tax credit			(1)	(5)
Profit for the period			35	617

Three months ended 31 December	Depreciation		Additions to property, plant and equipment	
	2021	2020	2021	2020
	S\$'000	S\$'000	S\$'000	S\$'000
Sakae Sushi	930	450	76	7
Other products and services	197	-	-	-
Unallocated corporate items	-	879	-	-
Total	1,127	1,329	76	7

Six months ended 31 December	Depreciation		Additions to property, plant and equipment	
	2021	2020	2021	2020
	S\$'000	S\$'000	S\$'000	S\$'000
Sakae Sushi	1,388	1,427	250	28
Other products and services	401	-	-	-
Unallocated corporate items	470	1,305	-	-
Total	2,259	2,732	250	28

	Segment Assets		Segment Liabilities	
	31 December 2021	30 June 2021	31 December 2021	30 June 2021
	S\$'000	S\$'000	S\$'000	S\$'000
Sakae Sushi	19,578	18,876	12,943	13,639
Other products and services	5,845	3,769	49,939	49,434
Unallocated corporate items	92,197	96,845	-	-
Total	117,620	119,490	62,882	63,073

## 5.2 Disaggregation of revenue

	Revenue		Non-current assets	
	3 months ended 31 December		31 December 2021	30 June 2021
	2021	2020		
	S\$'000	S\$'000	S\$'000	S\$'000
Singapore	3,909	4,649	98,955	98,683
Malaysia	727	876	811	1,183
	<u>4,636</u>	<u>5,525</u>	<u>99,766</u>	<u>99,866</u>

	Revenue	
	6 months ended 31 December	
	2021	2020
	S\$'000	S\$'000
Singapore	7,395	9,010
Malaysia	1,023	2,116
	<u>8,418</u>	<u>11,126</u>

## 6. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group and the Company as at 31 December 2021 and 30 June 2021:

	Group		Company	
	31 December 2021	30 June 2021	31 December 2021	30 June 2021
	\$'000	\$'000	\$'000	\$'000
<b>Financial assets</b>				
At cost	-	-	11,700	12,000
At amortised cost	10,568	5,106	2,387	1,184
Equity investments at fair value through profit or loss	6,137	9,845	6,136	9,840
	<u>16,705</u>	<u>14,951</u>	<u>20,223</u>	<u>23,024</u>
<b>Financial liabilities</b>				
At amortised cost	49,616	49,845	58,765	60,769
	<u>49,616</u>	<u>49,845</u>	<u>58,765</u>	<u>60,769</u>

## 7. Profit before income tax

Three months ended 31 December	Group	
	2021	2020
	S\$'000	S\$'000
Depreciation on property, plant and equipment	572	590
Depreciation on right-of-use assets	555	739
Gain on disposal of property, plant and equipment	(17)	(54)
Gain on disposal of investment in joint venture	(400)	-
Gain on disposal of non-current assets classified as held for sale	-	(438)
Interest on borrowings	139	110
Interest on leases	129	210

Six months ended 31 December	Group	
	2021	2020
	S\$'000	S\$'000
Depreciation on property, plant and equipment	1,172	1,181
Depreciation on right-of-use assets	1,087	1,551
Gain on disposal of property, plant and equipment	(33)	(54)
Gain on disposal of investment in joint venture	(400)	-
Loss/ (Gain) on disposal of non-current assets classified as held for sale	38	(438)
Interest on borrowings	282	355
Interest on leases	259	274

## 8. Tax credit

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit and loss are:

Three months ended 31 December	Group	
	2021	2020
	\$'000	\$'000
Current tax credit expense	(1)	(2)
Total income tax credit	(1)	(2)

Six months ended 31 December	Group	
	2021	2020
	\$'000	\$'000
Current tax credit expense	(1)	(5)
Total income tax credit	(1)	(5)

9. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares at the end of the:-  
 (a) current financial period reported on; and,  
 (b) immediately preceding financial year.

	Group		Company	
	31/12/2021	30/06/2021	31/12/2021	30/06/2021
Net asset value per ordinary share based on issued share capital as at the end of period (cents)	39.25	40.45	32.33	33.76

## 10. Earnings per ordinary share

Three months ended 31 December	Group and Company	
	2021	2020
Total profit for the period (\$'000)	169	548
Basic earnings per share (cent)	0.12	0.39
Diluted earnings per share (cent)	0.12	0.39

  

Six months ended 31 December	Group and Company	
	2021	2020
Total profit for the period (\$'000)	35	617
Basic earnings per share (cent)	0.03	0.44
Diluted earnings per share (cent)	0.03	0.44

Explanatory notes:

Earnings per share is calculated based on the Group's total profit for the period divided by the issued share capital of the Company of 139,472,000 (31 December 2020: 139,472,000) shares for the period under review.

## 11. Cash and cash equivalents

	Group		Company	
	31 December 2021	30 June 2021	31 December 2021	30 June 2021
	\$'000	\$'000	\$'000	\$'000
Cash at bank	5,342	3,027	2,140	838
Cash on hand	13	15	2	3
Cash and bank balances	5,355	3,042	2,142	841
Less: bank overdrafts	(346)	(370)	-	-
Cash and cash equivalents in consolidated statement of cash flow	5,009	2,672	2,142	841

Six months ended 31 December	Group	
	2021 \$'000	2020 \$'000
Cash at bank	5,342	8,701
Cash on hand	13	18
Cash and bank balances	5,355	8,719
Less: bank overdrafts	(346)	(491)
Cash and cash equivalents in consolidated statement of cash flow	5,009	8,228

## 12. Other receivables and prepayments

	Group		Company	
	31 December 2021 \$'000	30 June 2021 \$'000	31 December 2021 \$'000	30 June 2021 \$'000
Other receivables	10,825	7,588	6,084	6,098
Less: allowance for impairment loss	(7,446)	(7,405)	(6,078)	(6,078)
	3,379	183	6	20
Amount due from related party	1,337	1,337	1,337	1,337
Less: allowance for impairment loss	(1,337)	(1,337)	(1,337)	(1,337)
Deposits	1,081	1,278	193	209
Prepayments	-	33	-	-
Total Current	4,460	1,494	199	229
Deposits - Non-current	64	64	-	-
Total	4,524	1,558	199	229

## 13. Equity Investments at fair value through profit or loss

Presented as current assets:

	Group		Company	
	31 December 2021 \$'000	30 June 2021 \$'000	31 December 2021 \$'000	30 June 2021 \$'000
Quoted equity shares, at fair value	1	5	-	-

Investments in quoted equity securities above offer the Group and the Company the opportunity for return through dividend income and fair value gains. The fair values of these securities are based on closing quoted bid price in an active market on the last market day of the financial year. The quoted equity shares are classified as Level 1 (30 June 2021 : Level 1) in the fair value hierarchy.

Presented as non-current assets:

	Group		Company	
	31 December 2021 \$'000	30 June 2021 \$'000	31 December 2021 \$'000	30 June 2021 \$'000
Unquoted equity shares, at fair value	6,136	9,840	6,136	9,840

Investments in unquoted equity shares relate to the following:

	Proportion of ownership interest %	Country of incorporation
<i>Under liquidation:</i>		
Griffin Real Estate Investments Holdings Pte Ltd ("GREIH")	24.69	Singapore
Gryphon Capital Management Pte Ltd ("GCM")	20.00	Singapore

The Group's investments in GREIH and GCM were previously accounted for as investments in associates. With the commencement of liquidation proceedings in 2017, the Group re-classified its cost of investments in GREIH and GCM to available-for-sale investments during the financial period ended 30 June 2018. As of 1 July 2018, the Group reclassified the available-for-sale investments to equity investments at fair value through profit or loss following its adoption of SFRS(I) 9 *Financial Instruments*.

Fair values of the investments in unquoted equity shares are determined based on the net expected amounts to be realised through the sale of assets and repayment of obligations as assessed by the liquidators as at end of reporting period.

Unquoted equity shares are classified as Level 3 (30 June 2021 : Level 3) in the fair value hierarchy.

Movement for unquoted equity shares at fair value for the financial year is as follow:

	Group		Company	
	31 December 2021	30 June 2021	31 December 2021	30 June 2021
	\$'000	\$'000	\$'000	\$'000
Balance at the beginning of the financial period/year	9,840	9,888	9,840	9,888
Receipts of partial liquidation proceeds	(3,704)	(2,716)	(3,704)	(2,716)
Fair value gain for the financial period/year	-	2,668	-	2,668
	<u>6,136</u>	<u>9,840</u>	<u>6,136</u>	<u>9,840</u>

During the current financial period, the group received the partial returns of capital from the liquidator of GREIH of \$3,704,000 (30 June 2021 : \$2,716,000).

#### 14. Non-current assets classified as held for sale

	Group	
	31 December 2021	30 June 2021
	\$'000	\$'000
<u>Properties held for sale</u>		
Balance at the beginning of the financial period/year	4,022	6,425
Disposal	(3,604)	(2,457)
Exchange differences	2	54
Balance at the end of the financial period/year	<u>420</u>	<u>4,022</u>

## 15. Joint Venture

	Group	
	31 December 2021	30 June 2021
	\$'000	\$'000
Cost of investment in joint venture	-	350
Less: Allowance for impairment loss	-	(350)
Net	-	-

On 20 August 2021, one of the Group's subsidiaries, Apex-Pal Investment Pte. Ltd. disposed of its 40% shareholdings (66,667 ordinary shares) in Novitee Pte Ltd to Glife Technologies Pte Ltd for total consideration of \$400,000. Accordingly, a gain on disposal of \$400,000 is recognised in the financial year ending 30 June 2022.

## 16. Property, Plant and Equipment

During the period ended 31 December 2021, the Group acquired property, plant and equipment with an aggregate cost of \$250,000 (31 December 2020: \$28,000).

## 17. Bank Loans

	Group		Company	
	31 December 2021	30 June 2021	31 December 2021	30 June 2021
	\$'000	\$'000	\$'000	\$'000
<u>Amount repayable within one year or on demand</u>				
Secured	28,363	28,453	28,363	28,453
Unsecured	346	370	-	-
	<u>28,709</u>	<u>28,823</u>	<u>28,363</u>	<u>28,453</u>
<u>Amount repayable after one year</u>				
Unsecured	3,646	4,271	3,646	4,271

The Group obtained loan facilities to finance the construction of its headquarters which was mortgaged to the lending bank as a form of collateral and short term loans for working capital.



## 18. Deferred Tax Liabilities

The following are the major deferred tax liabilities recognised by the Group and Company, and, movements thereon, during the current and prior reporting periods:

	Revaluation reserve \$'000	Accelerated tax depreciation \$'000	Others \$'000	Total \$'000
<u>Group</u>				
At 1 July 2020	10,965	9	(177)	10,797
Charge to other comprehensive Income	1,810	-	-	1,810
(Credit) Charge to profit and loss	(232)	-	172	(60)
Exchange differences	-	-	5	5
At 30 June 2021 and 31 December 2021	12,543	9	-	12,552
		Revaluation reserve \$'000	Accelerated tax depreciation \$'000	Total \$'000
<u>Company</u>				
At 1 July 2020		10,965	9	10,974
Charge to other comprehensive income		1,810	-	1,810
Credit to profit or loss		(232)	-	(232)
At 30 June 2021 and 31 December 2021		12,543	9	12,552

## 19. Share Capital

	Group and Company			
	31 December 2021 '000	30 June 2021 '000	31 December 2021 \$'000	30 June 2021 \$'000
Issued and paid up: At beginning and end of the period/year	142,000	142,000	10,736	10,736

Fully paid ordinary shares, which have no par value, carry one vote per share and carry a right to dividends as and when declared by the Company.

The total number of issued shares (excluding treasury shares) was 139,472,000 (30 June 2021 : 139,472,000).

## Treasury shares

There were no changes in the Company's Treasury shares as set out below.

	Group and Company			
	31 December	30 June	31 December	30 June
	2021	2021	2021	2021
	'000	'000	\$'000	\$'000
	<u>Number of ordinary shares</u>			
Issued and paid up: At beginning and end of the period/year	2,528	2,528	892	892

## **20. Revaluation Reserve**

The property revaluation reserve arises on the revaluation of leasehold building.

	<u>Group</u> \$'000
At 1 July 2020	60,168
Recognised in other comprehensive income At 30 Jun 2021	<u>8,840</u> <u>69,008</u>
At 1 July 2021	69,008
Reversal of revaluation reserves on disposal of non-current assets classified as held for sale	<u>(939)</u>
At 31 December 2021	<u>68,069</u>

## **21. Dividend**

	Group and Company	
	31 December	30 June
	2021	2021
	\$'000	\$'000
A final dividend of 1.2 cents per share tax exempt one-tier on the issued and fully paid ordinary shares	1,674	-
	<u>1,674</u>	<u>-</u>

## 22. Related party transactions

Some of the Group's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand unless otherwise stated.

In addition to the related party information disclosed elsewhere in the notes to the financial statements, group entities entered into the following transactions with related parties during the financial period.

Six months ended 31 December	Group	
	2021	2020
	\$'000	\$'000
Rental income	262	213

## 23. Subsequent events

There are no known subsequent events which have led to adjustments to these condensed interim financial statements.

## **F. Other Information required by Listing Rule Appendix 7.2**

### **1. Review**

The condensed consolidated statement of financial position of Sakae Holdings Ltd and its subsidiaries as at 31 December 2021, the related condensed profit or loss and other comprehensive income, condensed consolidated statements of changes in equity, condensed consolidated statement of cash flows for the three-month period and half year then ended, and, certain explanatory notes have not been audited or reviewed.

### **2. Review of performance of the Group**

#### Financial performance (2QFY2022 vs 2QFY2021)

Group revenue for the quarter ended 31 December 2021 (“2QFY2022”) totalled \$4.6 million, a decrease of 16.1% as compared to \$5.5 million in the corresponding period of the previous year (“2QFY2021”). During 2QFY2022, economic activities were again dampened by the emergence of a new Covid-19 variant. International borders have not been fully re-opened. Group revenue declined due to the continued and cumulative effects of the Covid-19 control measures. However, as the Group had taken steps to pivot towards online orders and delivery services, the negative impact of reduced restaurant operations was cushioned by revenue contribution from online orders and delivery sales. With the economic sentiment still in a state of flux, the Group had also strategised to reduce the number of physical outlets and focused more on online and delivery sales. In this regard, some store leases were not renewed when they expired, leading to a reduced number of physical stores and hence, reduced Group revenue.

Despite the reduced Group revenue and rising prices of the high quality raw materials used, the Group has effectively managed the cost of its restaurant business and maintained its gross profit margin at about 64.4%.

Other operating income decreased by 36.0%, from \$2.0 million in 2QFY2021 to \$1.3 million in 2QFY2022. This is mainly due to the award of legal costs following successful litigation in court of \$0.4 million and a net gain on the disposal of properties in Malaysia of \$0.4 million recognised in 2QFY2021.

Administrative expenses decreased by 20.0%, from \$3.9 million in 2QFY2021 to \$3.1 million in 2QFY2022, mainly due to a decrease in depreciation charged by 15.4%, from \$1.3 million in 2QFY2021 to \$1.1 million in 2QFY2022. Labour cost also decreased by 9.5%, from \$2.1 million in 2QFY2021 to \$1.9 million in 2QFY2022. Other administrative expenses, including professional fees, also decreased by 80.0%, from \$0.5 million in 2QFY2021 to \$0.1 million in 2QFY2022.

Other operating expenses decreased by 19.9%, from \$0.9 million in 2QFY2021 to \$0.7 million in 2QFY2022, mainly due to a decrease in rental expenditure and lower utilities expenditure as a result of the reduced number of outlets.

Finance costs decreased by 16.3%, from \$0.32 million in 2QFY2021 to \$0.27 million in 2QFY2022, mainly due to the repayment of short term borrowings during the period.

Group profit before tax and net profit after tax are recorded at \$0.2 million in 2QFY2022, which represented a decrease of \$0.3 million, as compared to Group profit before tax and net profit after tax of \$0.5 million in 2QFY2021.

#### Financial performance (1HFY2022 vs 1HFY2021)

Group revenue for the first half-year ended 31 December 2021 (“1HFY2022”) totalled \$8.4 million, a decrease of 24.3% as compared to \$11.1 million in the corresponding period of the previous year (“1HFY2021”). During 1HFY2022, both the Singapore and Malaysia governments implemented restrictions in response to the Covid-19 pandemic on dining in restaurant group sizes and prohibition of

dining in restaurant as well as reduced operating capacity. Group revenue declined due to the cumulative effects of the Covid-19 control measures. However, as the Group had taken steps to pivot towards online orders and delivery services, the negative impact of reduced restaurant operations was cushioned by revenue contribution from online orders and delivery sales. With the economic sentiment still in a state of flux, the Group had also strategised to reduce the number of physical outlets and focused more on online and delivery sales. In this regard, some store leases were not renewed when they expired, leading to a reduced number of physical stores and hence, reduced Group revenue.

Despite the reduced Group revenue and rising prices of the high quality raw materials used, the Group has effectively managed the cost of its restaurant business and maintained its gross profit margin at about 64.7%.

Other operating income decreased by 15.5%, from \$3.4 million in 1HFY2021 to \$2.9 million in 1HFY2022. This is mainly due to the award of legal costs following successful litigation in court of \$0.4 million and a net gain on the disposal of properties in Malaysia of \$0.4 million recognised in 1HFY2021, compared with a gain on disposal of its 40% shareholdings in Novitee Pte Ltd of \$0.4 million recognised in 1HFY2022.

Administrative expenses decreased by 21.2%, from \$8.0 million in 1HFY2021 to \$6.3 million in 1HFY2022, mainly due to a decrease in depreciation charged by 14.8%, from \$2.7 million in 1HFY2021 to \$2.3 million in 1HFY2022. Labour costs decreased by 14.0%, from \$4.3 million in 1HFY2021 to \$3.7 million in 1HFY2022. Other administrative expenses including, professional fees also decreased by 70.0%, from \$1.0 million in 1HFY2021 to \$0.3 million in 1HFY2022.

Other operating expenses decreased by 15.1%, from \$1.7 million in 1HFY2021 to \$1.4 million in 1HFY2022, mainly due to a decrease in rental expenditure and lower utilities expenditure as a result of the reduced number of outlets.

Finance costs decreased by 14.0%, from \$0.63 million in 1HFY2021 to \$0.54 million in 1HFY2022, mainly due to the repayment of short term borrowings during the period.

Group profit before tax and net profit after tax are recorded at \$0.04 million in 1HFY2022, which represented a decrease of \$0.58 million, as compared to Group profit before tax and net profit after tax of \$0.62 million in 1HFY2021.

#### Financial position of the Group

Group and Company cash and bank balances as at 31 December 2021 (“HY2022”) stood at \$5.4 million and \$2.1 million respectively as compared to \$3.0 million and \$0.8 million respectively as at 30 June 2021 (“FY2021”). The Group has received a net return of \$3.7 million in relation to the partial return of capital from its investment in GREIH and GCM in HY2022. In addition, the Group has distributed a final tax exempt (one-tier) dividend of \$1.7 million and reduced bank borrowings of \$0.7 million in HY2022. The Group continues to be cautious and will take reasonable steps to manage its cash flow effectively.

The non-current assets classified as held for sale decreased significantly by 90.0%, from \$4.0 million in FY2021 to \$0.4 million in HY2022, mainly due to the disposal of a property in Malaysia.

Other receivables and prepayments increased significantly by 200.0%, from \$1.5 million in FY2021 to \$4.5 million in HY2022, mainly due to the outstanding proceeds of \$3.3 million in relation to the disposal of a property in Malaysia.

Current and non-current lease liabilities increased by 5.8%, from \$12.2 million in FY2021 to \$12.9 million in HY2022, due to the adoption of SFRS(I) 16 Leases.

Shareholders' equity for the Group and Company stood at \$54.7 million and \$45.1 million respectively as at HY2022, as compared with \$56.4 million and \$47.1 million respectively as at FY2021.

### Cash flow of the Group

The Group had operating cash flows of \$1.9 million in HY2022, as compared to \$3.8 million in HY2021. The Group will continue to adopt a cautious approach even as it seeks sustainable growth in its operations and in managing its operating costs effectively.

3. (i) **Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

#### Treasury shares

There were no changes in the Company's Treasury shares as set out below.

	<u>31 December 2021</u>		<u>30 June 2021</u>	
	Number of shares		Number of shares	
	('000)	(\$'000)	('000)	(\$'000)
At beginning and end of period/year	2,528	892	2,528	892

- (ii) **To show the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

	<b>31 December 2021</b>	<b>30 June 2021</b>
Number of shares held as treasury shares	2,528,000	2,528,000
Total number of issued shares (excluding treasury shares)	139,472,000	139,472,000

- (iii) **A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Not applicable.

- (iv) **A statement showing all sales, transfers, cancellation and/or use of subsidiary holding as at end of the current financial period reported on.**

During the financial period, there was no transaction pertaining to subsidiary holdings.

**4. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable as the figures have not been audited or reviewed by the Company's statutory auditors.

**5. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:-**

**(a) Updates on the efforts taken to resolve each outstanding audit issue.**

A qualified opinion was issued by the Group's previous statutory auditor in relation to the financial statements for the financial year ended 30 June 2020 ("FY2020"). The financial statements for the financial year ended 30 June 2021 ("FY2021") were accordingly modified by the Group's current statutory auditor because of the possible effects related to the consolidated profit or loss, when the FY2020 financial statements are used as comparison to FY2021's financial statements.

The consolidated financial position and consolidated profit or loss in FY2021 were not qualified by the Group's current statutory auditor and thus the above matter will not have an impact on the consolidated profit or loss and financial position for the current financial period or on the comparability of the current period's figures and the corresponding FY2021 consolidated profit or loss.

**(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.**

The Board confirms that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

**6. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

Accounting policies and methods of computation used in the condensed interim financial statements for the period ended 31 December 2021 are consistent with those applied in the consolidated financial statements for the year ended 30 June 2021.

**7. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

Not applicable.

**8. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	3 months ended 31 December	
	2021	2020
Earnings per ordinary share for the period		
(a) Based on weighted average number of ordinary shares in issue (cents)	0.12	0.39
(b) On a fully diluted basis (cents)	0.12	0.39

	6 months ended 31 December	
	2021	2020
Earnings per ordinary share for the period		
(a) Based on weighted average number of ordinary shares in issue (cents)	0.03	0.44
(b) On a fully diluted basis (cents)	0.03	0.44

**9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

No forecast or prospect statement has been issued previously.

**10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

The Covid-19 pandemic has brought about a highly uncertain economic climate. The evolution of the virus and the fluctuating infection rates do not bode well for businesses in the Food & Beverage sector that has been one of the most adversely affected industries. While the global economic outlook remains increasingly unpredictable in light of the latest Omicron Covid-19 variant, the Group will continue to adopt a cautious outlook in planning its business operations.

The Group operates primarily in Singapore and Malaysia. As Covid-19 enters into an endemic phase, there is optimism that consumer demand and market sentiment will improve. However, given that the Covid-19 situation remains fluid and rapidly evolving as government policies change in tandem, the Group expects the operating environment of the food and beverage industry to remain challenging in the next 12 months. The Group will continue to closely monitor the Covid-19 pandemic situation and shall adjust and react proactively to the evolving landscape.

The Group will continue its efforts to optimize its business operations amidst these challenging times as well as adopting various measures to address the New-Norm while exploring new market opportunities.

**11. Dividend**

**(a) Current Financial Period Reported On**

Any dividend declared for the current financial period reported on?

No.

**(b) Corresponding Period of the Immediately Preceding Financial Year**

Any dividend declared for the corresponding period of the immediately preceding financial year?

No.

**(c) Date payable**

Not applicable.



**(d) Books closure date**

Not applicable.

**12. If no dividend has been declared/recommended, a statement to that effect.**

No dividend has been declared or recommended for current financial period so as to conserve liquidity to fulfill the operational and financial requirements of the Group amid the uncertainties caused by the Covid-19 pandemic.

**13. Interested person transactions**

There were no interested person transactions during the financial period ended 31 December 2021. The Company did not obtain any general mandate from its shareholders in respect of any interested person transaction.

**14. Confirmation Pursuant to Rule 705(5) of the Listing Manual**

To the best of our knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited financial results of the Company for the three months ended 31 December 2021 presented in this announcement, to be false or misleading in any material respect.

**15. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).**

The Company confirmed that it has procured undertakings from all its directors and executive officers (in the format as set out in Appendix 7.7) under Rule 720(1).

**BY ORDER OF THE BOARD**

Chan Lai Yin  
Company Secretary

14 February 2022